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WARREN E. BUFFETT, CHAIRMAN

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To the Publishers and Editors
of Berkshire Hathaway's Daily Newspapers:

Until recently, Berkshire has owned only one daily newspaper, The Buffalo News, purchased in 1977. In a month or so, we will own 26 dailies.

I've loved newspapers all of my life – and always will. My dad, when attending the University of Nebraska, was editor of The Daily Nebraskan. (I have copies of the papers he edited in 1924.) He met my mother when she applied for a job as a reporter at the paper. Her father owned a small paper in West Point, Nebraska and my mother worked at various jobs at the paper in her teens, even mastering the operation of a linotype machine. From as early as I can remember, my two sisters and I devoured the contents of the World-Herald that my father brought home every night.

In Washington, DC, I delivered about 500,000 papers over a four-year period for the Post, Times-Herald and Evening Star. While in college at Lincoln, I worked fifteen hours a week in country circulation for the Lincoln Journal (earning all of 75¢ an hour). Today, I read five newspapers daily. Call me an addict.

Berkshire buys for keeps. Our only exception to permanent ownership is when a business faces unending losses, a remote prospect for virtually all of our dailies. So let me express a few thoughts about what lies ahead as we join forces.

Though the economics of the business have drastically changed since our purchase of The Buffalo News, I believe newspapers that intensively cover their communities will have a good future. It's your job to make your paper *indispensable* to anyone who cares about what is going on in your city or town.

That will mean both maintaining your news hole – a newspaper that reduces its coverage of the news important to its community is certain to reduce its readership as well – and thoroughly covering all aspects of area life, particularly local sports. No one has ever stopped reading when half-way through a story that was about them or their neighbors.

You should treat public policy issues just as you have in the past. I have some strong political views, but Berkshire owns the paper – I don't. And Berkshire will always be non-political. We have more than 600,000 shareholders of all stripes and I do not use Berkshire's resources, directly or indirectly, to speak for them. I am 81, and many of you will outlive me as an employee of Berkshire. But I am sure my successors will follow the ideas I am laying out in this letter. (Indeed, letting them know of this hands-off principle is a secondary reason for my writing this letter.)

Your paper will operate from a position of financial strength. Berkshire will *always* maintain capital and liquidity second to none. We shun levels of debt that could ever impose problems. Therefore, you will determine your paper's destiny; outsiders will never dictate it.

Our newspaper purchases are of smaller size, measured by dollar cost, than the businesses we normally consider buying. Nor will they move the needle in terms of Berkshire's economic value, though I expect their contribution will likely be commensurate with our investment. But the papers are every bit as important to me – and, for that matter, to society – as other businesses we have purchased for many billions of dollars.

Terry Kroeger, at the Omaha World-Herald, will oversee our newspaper operations (excluding Buffalo). Like you and me, he knows that our future depends on remaining the primary source of information in certain subjects of great importance to our readers. Technological change has caused us to lose primacy in various key areas, including national news, national sports, stock quotations and employment opportunities. So be it. Our job is to reign supreme in matters of local importance.

We must rethink the industry's initial response to the Internet. The original instinct of newspapers then was to offer free in digital form what they were charging for in print. This is an unsustainable model and certain of our papers are

already making progress in moving to something that makes more sense. We want your best thinking as we work out the blend of digital and print that will attract both the audience and the revenue we need.

Berkshire will probably purchase more papers in the next few years. We will favor towns and cities with a strong sense of community, comparable to the 26 in which we will soon operate. If a citizenry cares little about its community, it will eventually care little about its newspaper. In a very general way, strong interest in community affairs varies inversely with population size and directly with the number of years a community's population has been in residence. Therefore, we will focus on small and mid-sized papers in long-established communities.

I hope you can come to our annual meeting next year. We had a newspaper-throwing contest at this year's meeting, and my competition was weak. You will dramatically upgrade the field, and I look forward to taking you on. You will also get a chance to hear my partner, Charlie Munger, and me tell an audience of 35,000 or so why we still love newspapers.

Times are certainly far tougher today than they used to be for newspapers. Circulation nationally will continue to slip and in some cases plunge. But American papers have only failed when one or more of the following factors was present: (1) The town or city had two or more competing dailies; (2) The paper lost its position as the primary source of information important to its readers or (3) the town or city did not have a pervasive self-identity. We don't face these problems.

Indeed, the papers we own and are buying have been successful on both the journalistic and business fronts. They have earned the time, money and respect that subscribers allot them. I'm confident your paper will continue to do so.

I look forward to our future together.

Sincerely,

A handwritten signature in blue ink, which appears to read "Warren E. Buffett". The signature is fluid and cursive, with the first name "Warren" being the most prominent part.

Warren E. Buffett